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Message from the FDIC

April is Financial Literacy Month in the United States, a period when government agencies, private organizations and community groups are asked to raise awareness about how a financial education can give people the skills they need to save money, borrow wisely, buy their own home, and otherwise build the assets they need to live a better life. In most ways, though, it's just another month for the FDIC and our *Money Smart* partners. That's because the FDIC is always promoting financial education to the public, either directly through our *Money Smart* curriculum and other FDIC educational products and services, or indirectly through our partnerships with financial institutions, state and federal agencies, non-profit groups and other organizations.



In this issue of *Money Smart* News, we are highlighting one area of financial education that the recent tragedy in the Gulf Coast states raised awareness of for far too many Americans. When Hurricanes Katrina and Rita hit last year, among the first steps taken by the FDIC and other government agencies was to help connect evacuees with their financial institutions, so they could get access to cash, replace lost bank cards and records, and otherwise function financially during the emergency. Here you'll find a collection of tips and information that financial educators can use in their lessons to help people prepare for the possibility that a flood, fire or some similar event could seriously impair their ability to conduct their day-to-day financial affairs.

Also find out about a page on the FDIC Web site that follows the progress of a few *Money Smart* partners around the country that are trying different approaches to financial literacy and have agreed to provide the FDIC with periodic progress reports. We're calling these organizations -- mostly non-profits or public/private-sector coalitions -- our "model sites." Their strategies, challenges and successes will be featured for the benefit of other *Money Smart* partners looking for new or different ways of doing things, especially approaches that have been "consumer tested." We hope you'll visit that Web page now and again, and that you'll always come away with a useful new idea or two.

Money Smart...At a Glance

- A free, award-winning financial education program from the FDIC
- Primarily focused on helping low- and moderate-income adults develop money-management skills
- Two versions --one for classroom use (in English, Spanish, Chinese, Korean and Vietnamese), the other for computer-based, self-paced learning (in English and Spanish)
- Classes offered through an extensive network of *Money Smart* "partners," including financial institutions, non-profit organizations and government agencies
- Since 2001, about 495,000 people have taken *Money Smart* classes and 95,000 new banking relationships have been established

To learn more, start at *Money Smart* Home.

The FDIC also wants to hear new ideas from you, too. That's why we encourage all *Money Smart* partners to send us news about their programs and accomplishments. Some of the best submissions are already featured on the "*Money Smart* Success Stories" page of this newsletter, and more will be published in the future. We also encourage you to contact your regional Community Affairs Officer to make a suggestion or ask a question. Our goal is to continue helping consumers and strengthening local communities by promoting financial education in America, during Financial Literacy Month and throughout the year.

Sandra L. Thompson

Acting Director

FDIC Division of Supervision and Consumer Protection

Floods, Fires and Other Disasters: Teaching Consumers to Prepare Financially

The FDIC has been working in various ways to address the needs and concerns of customers in the Gulf Coast region devastated last year by Hurricanes Katrina and Rita. Those efforts included staffing a 24-hour call center to respond to banking-related questions from victims and, in February and March of 2006, hosting a series of meetings in the affected states to determine what more could be done by bankers and their regulators to help rebuild affected communities.

Among the lessons learned: Families everywhere need to prepare financially for the possibility that a flood, fire or similar event could force them to evacuate their home at a moment's notice and have to conduct essential financial transactions under emergency circumstances, sometimes hundreds or thousands of miles from home.

Money Smart News is encouraging financial educators to think about how they can incorporate disaster preparedness into their lessons. Key topics can include why and how to:

Have forms of identification readily available in an emergency. These primarily include driver's licenses (or state ID cards for non-drivers), insurance cards, Social Security cards, passports and birth certificates. Originals are best, but copies are better than nothing. "Louisiana residents without a driver's license or state-issued picture ID after the hurricanes had problems getting financial assistance from FEMA (the Federal Emergency Management Agency) because they could not prove who they were," said Eloy Villafranca, the FDIC's Community Affairs Officer in Dallas.

Prepare one or more emergency evacuation bags. Use them to store first aid kits, prescription medications and other items need for personal safety, but also include essential financial items, such as some cash, checks, copies of your credit cards and identification cards, a key to your safe deposit box, and contact information for your financial services providers. The bags should be waterproof, easy to carry, and kept safely at home (but in a place you'll be able to remember and access in an emergency).

Review insurance coverage. Families should have enough insurance, including flood insurance, to cover the costs to replace or repair a home, car and other valuable property.

Commit to a savings program that includes building a "rainy day" fund. Everyone should save for long-term needs; they also should put aside money in an emergency fund that can be tapped to get through difficult times -- anything from a natural disaster to a job loss or medical emergency -- without having to take out a loan or borrow from retirement accounts. This special fund, which can be built up gradually in various types of savings accounts, eventually should equal to about three to six months of living expenses. "It becomes your own financial insurance policy," said Dorothy Brown, an FDIC Community Affairs Specialist based in Chicago. "And if you never use it, you will have that much more money set aside for emergencies."

Clinton Vaughn, the Community Affairs Officer in the FDIC's Memphis office, noted that while the FDIC's financial education curriculum doesn't specifically address a disaster situation, "*Money Smart* is very clear and effective on successful ways to save, budget and prepare for unexpected outlays of cash." Vaughn, whose FDIC territory includes the storm-stricken states of Louisiana and Mississippi, recalled that after the recent hurricanes "many of the victims were calling hot lines and going to public forums asking for debt relief or other help paying their mortgages or car loans."

Brown, who has been temporarily assigned to the FDIC's Memphis office to assist in the hurricane relief efforts, agreed on the importance of encouraging people to increase savings in general. "While saving for emergencies may not always be a priority for people," she said, "the Gulf Coast disaster is one example where people could have benefited from having any type of savings."

Consumers, bankers and financial educators who want more information about preparing for or responding to a disaster can find useful materials on the FDIC's Web site. Go to www.fdic.gov/hurricane/index.html for a central page with an assortment of material from the FDIC and other sources primarily aimed at helping victims of Hurricanes Katrina and Rita. Also, the Winter 2005/2006 issue of the quarterly newsletter *FDIC Consumer News* features a guide to being ready to deal with the financial challenges of a disaster, such as having access to cash, banking services and personal identification needed to conduct day-to-day money matters after a disaster. It is available online at www.fdic.gov/consumers/consumer/news/cnwin0506. *FDIC Consumer News* may be reprinted in whole or in part without permission from the FDIC.

Money Smart Model Sites: Regional Partners Agree to Monitor, Share Progress

In Kansas City, The Family Conservancy, the largest and oldest non-profit social service agency in the area, requires all participants in its Individual Development Accounts (IDA) program to complete all 10 Money Smart modules. This is one organization whose innovative work and accomplishments using Money Smart will be tracked on the FDIC's Web site at <http://www.fdic.gov/consumers/consumer/moneysmart/regions/index.html>. Other organizations in the eight cities where the FDIC has regional and area offices will also be reporting their efforts to combine *Money Smart* with asset-building strategies or other social service programs connected to financial education.

We call these organizations "model sites" and each FDIC region has one or more of them. They are *Money Smart* Alliance Partners dedicated to financial literacy and willing to provide the FDIC with periodic updates on programs and outreach efforts that other educators around the country may wish to adopt.

"The information provided about our *Money Smart* model sites offers insight about challenges faced and steps taken to succeed," observed Irma Matias, FDIC Community Affairs Specialist in Washington. "These organizations have agreed to share the impact they have made in their communities using *Money Smart*. We believe this feature is useful not only to Alliance Partners, but to other organizations considering becoming our partners in financial education."

Fostering savings

The Family Conservancy serves over 300,000 people through its programs each year. As the largest administrator of Individual Development Accounts in the Kansas City metro area, The Family Conservancy manages 900 accounts tied to \$1 million in federal funds. The IDA is a savings vehicle for low- and moderate-income people, with matching funds provided. In this case, the participant's deposits are matched by The Conservancy, two-to-one. Money from the accounts can only be used to purchase homes, for entrepreneurship, or for secondary education. The Conservancy's IDA participants must complete all 10 *Money Smart* modules to receive their matching funds. *Money Smart* is taught in both English and Spanish. Thus far, about 900 people have completed the *Money Smart* program through the Conservancy and saved nearly \$1 million of their own money.

Other model sites on the *Money Smart* Web pages can tell similar stories of success and how it was achieved. Watch these pages and see how other organizations are blending *Money Smart* into their program mix.

Money Smart: Get Involved!

Any organization interested in financial education can use *Money Smart*. For information and instructions on how to obtain copies of the curriculum go to www.fdic.gov/consumers/consumer/moneysmart/order.html or call 1-877-275-3342.

The *Money Smart* curriculum is comprised of 10 comprehensive instructor-led modules covering basic financial topics including an introduction to bank services, tips on obtaining credit and information on buying a home. It can be easily reproduced for wide dissemination and has no copyright restrictions. *Money Smart* is free to users. The version of *Money Smart* intended solely for classroom use is available on CD-ROM in English, Spanish, Chinese, Korean, and Vietnamese.

In addition, an interactive version of *Money Smart* is available for computer-based instruction (CBI) in two formats: as a CD-ROM and on the FDIC's Web site. Unlike the previous version of *Money Smart*, the CBI program is designed for individual use at home, public libraries or other locations where there is access to computers or the Internet. *Money Smart* CBI is available in English and Spanish.

Send Us Your Success Stories

We want to hear how *Money Smart* is making a difference. We're interested in finding out about your programs and procedures, tips and other information that *Money Smart* educators and partners might find useful. The best contributions may appear in a future issue of *Money Smart* News.

The FDIC is making a special appeal for success stories, words of wisdom and other do's and don'ts about teaching *Money Smart* to:

- **Senior citizens;**
- **Recent immigrants; or**
- **People with disabilities.**

Contributions on the above three topics are requested by June 1, 2006.

Also see our previously published success stories. Submit your stories today!

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Partner News

Since *Money Smart* was launched in 2001, the FDIC has distributed nearly 290,000 copies (paper and CD-ROM versions) of *Money Smart* to financial institutions, community groups and agencies across the country for use in classroom instruction. In addition, the FDIC has provided nearly 500 free training classes to approximately 10,700 instructors. About 495,000 people have taken *Money Smart* classes and 95,000 new banking relationships have been established by *Money Smart* students. A computer-based instruction (CBI) version of *Money Smart* for self-paced learning was launched on September 15, 2004, and, thus far, nearly 96,000 CBI curricula have been issued.

The FDIC has also set up the *Money Smart* Alliance program for organizations that want to sign an agreement with the FDIC to promote *Money Smart* throughout their constituency. In many cases, these organizations have operations in a number of states or nationwide. Since the *Money Smart* Alliance Program was announced by former Chairman Powell in June 2002, the number of national Alliance Partners has grown to 33 and the number of local Alliance Partners has climbed to more than 1,250.

All our partners are helping us meet our shared goal of helping low- and moderate-income Americans become "*Money Smart*" so they can establish healthy banking relationships, begin building assets, and secure a better future for themselves and their families.

We want to hear from you! Please share your stories.